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To: Hospital CFOs
Cc: Case Mix Liaisons, Hospital Quality Contacts
From: Alyson Schuster, Ph.D., Deputy Director Quality Methodologies
Date: May 31, 2019
Re: Rate Year 2020 Quality Program Revenue Adjustments – MHAC and RRIP Final; QBR and PAU Update

This memorandum provides the hospital's final results and revenue adjustments¹ for Rate Year (RY) 2020 for the Maryland Hospital Acquired Conditions Program (MHAC) and the Readmission Reduction Incentive Program (RRIP). For the Quality-Based Reimbursement (QBR) Program, the final RY 2020 results and revenue adjustments will not be available until Fall 2019 due to the CMS Hospital Compare timeline, and will therefore be applied to rates in January 2020. As discussed below, HSCRC has begun releasing preliminary QBR scoring reports on a quarterly basis on the CRISP Reporting Services (CRS) Portal and preliminary revenue adjustments based on this data are available. The RY 2020 PAU Savings policy has not been finalized at this time, but the final policy will be presented for approval as part of the update factor at the June 2019 Commission meeting. To view preliminary RY 2020 PAU Savings adjustments, please refer to [PAU Savings page](#) on the HSCRC website.

1. Maryland Hospital Acquired Conditions Program (MHAC)

The RY 2020 MHAC results for attainment and improvement used base period data from July 2016 to June 2017, and performance period data from calendar year (CY) 2018. A workbook with the final MHAC results is available on the [MHAC page](#) of the HSCRC website and is posted on the CRS Portal.

Revenue adjustments for the MHAC program were calculated based on hospital scores relative to a preset scale. The RY 2020 preset scale uses the full distribution of scores (0-100%) with no revenue adjustments applied for scores 45% through 55% (hold harmless zone). In RY 2020, there are rewards to hospitals of \$25.0 million dollars and penalties of \$2.3 million dollars. Three hospitals were in the “hold harmless” zone for the MHAC program and did not receive a

¹ Revenue adjustments are accurate as of May 21, 2019 but may be subject to change dependent on final permanent revenue changes for RY2019.

revenue adjustment. For final revenue adjustments please see the [MHAC page](#) on the HSCRC website.

2. Readmission Reduction Incentive Program (RRIP)

The RY 2020 RRIP assessed hospitals on the better of improvement and attainment. For improvement, a compounded improvement rate was calculated using RY 2019 improvement (CY 2013-CY 2016 under ICD-9 logic) and CY 2016-CY2018 improvement (under ICD-10 logic). For attainment, CY 2018 case-mix adjusted readmission rates were used with an out-of-state adjustment factor based on data from the Center for Medicare & Medicaid Innovation (CMMI). The final RRIP workbook is available on the [RRIP page](#) of the HSCRC website and is posted on the CRS Portal.

Revenue adjustments for the RRIP program are determined based on hospital scores relative to preset scales for improvement and attainment; hospitals rewards or penalties are determined based on the better of their attainment or improvement adjustments. To avoid a penalty on the improvement scale, hospitals were required to have at least a 14.30% compounded reduction in their all-payer case-mix adjusted readmission rate. The statewide improvement rate in the all-payer case-mix adjusted readmission rate was 14.85%. To achieve a reward in the attainment scale, hospitals needed to have a CY 2018 readmission rate (adjusted for out-of-state readmissions) that was less than 10.70%. The revenue adjustments are available on the [RRIP page](#) of the HSCRC website. In total, the penalties were \$20.7 million dollars and rewards were 26.0 million dollars for RY 2020.

3. Quality-Based Reimbursement (QBR) Program

The RY 2020 QBR scores and revenue reductions are dependent on data from the CMS Hospital Compare website. The performance period data for QBR is typically available around August of each year and the HSCRC anticipates providing hospitals with final scores and revenue adjustments for RY 2020 QBR in early Fall 2019. The revenue adjustments for RY 2020 QBR will then be implemented into rates in January 2020. The HSCRC has released preliminary RY 2020 QBR scores based on final mortality rates and preliminary HCAHPS and safety data. The HCAHPS and safety data is released quarterly based on a rolling 12-months of data; the current preliminary QBR scores include 6-months of the performance period data and 6-months of pre-performance period data for HCAHPS and Safety domains. The preliminary QBR results can be found on the CRS Portal and preliminary revenue adjustments are available on the [QBR page](#) of the HSCRC website. In total, the preliminary numbers estimate penalties of \$65.4 million and rewards of \$1.6 million.

If you have any questions, please email the quality team at hscrc.quality@maryland.gov